

# HOW TO MEASURE THE HOTEL PERFORMANCE



Both in life and in business, setting goals is a constant, especially in business, where achieving results is a must. Because of that, goals must be achievable and measurable. KPIs (Key Performance Indicators) are a valuable ally to help develop this process, even regarding the hotel performance.

KPIs are indicators that enable the analysis and monitoring of the actions carried out to achieve certain objectives. They are like a thermometer that provides guidance on what the results should look like. In short, they offer a complete vision of the project.

KPIs can be divided into different groups or applied by different departments or areas of the company.

## What Is Hotel's KPI?

The KPI or performance indicator is a measurable value that **provides relevant information to know if the hotel, is being effective in achieving its main objectives.**

The major purpose of hotel management is to grow the KPIs through constant evaluation and monitoring, to examine what is being done well and what is not. The application of these indexes becomes the focus of results evaluation in order to optimize and improve the economic performance of any hotel project.

To increase the financial benefits, it is essential to execute appropriate strategies based on the interpretation of the results obtained.

## How Is Hotel Performance Measured?

The productivity of a hotel can be measured through KPIs, below we list the most important ones in the hotel industry. If divided into areas, as in the following example, you can yield better results. In the economic area, the KPIs to be measured could be:

- **RevPAR**, which stands for Revenue Per Available Room.
- **GOPPAR**, which stands for Gross Operating Profit per Available Room.
- **TrevPAR**, or Total Revenue Per Available Room.
- **TREVPAG**, or Total Revenue Per Available Guest.
- **REVPAG**, which stands for Revenue Per Available Guest.
- **GOPPAG**, which stands for Gross Operating Profit Per Available Guest.

In relation to guests, KPIs could be:

### Customer satisfaction level

- **Loyalty index**

As regards the logistics of the hotel, items to measure could be based on:

## **Amount of budget allocated for purchases**

- **Inventory turnover**

From the human resources department perspective, hotel performance indicators are:

- **Productivity and staff turnover.**

Regarding the maintenance staff, performance indicators will be reflected in:

- **Pending maintenance tasks and the time required to carry them out.**

## **How to Measure the Quality of a Hotel?**

There is no better indicator of a product than the customer itself. The quality of the product is always conditioned by the level of customer satisfaction, i.e., whether the customer's expectations regarding the service matches the actual service received.

For example, if a guest has visualized himself, based on the hotel's website, resting in an extra comfortable bed, and waking up facing the sea, that is what he expects to find upon arrival. But if, on the other hand, he gets an uncomfortable bed in a room with no scenery, the difference between his expectations and what he experienced will sink his degree of satisfaction.

This dismantles the old idea of hotel quality, which was based on the assertion that offering a good product was the only thing needed. Today, customers not only want to feel safe and well cared for, but also completely satisfied with the service.

There are several ways to measure guest satisfaction, including various surveys and tools such as **the Customer Satisfaction Score, which allows you to survey the satisfaction of visitors, based on simple questions after having had an interaction with the hotel staff or a specific service.**

Finally, it should be noted that some of the items reviewed in this scale are the facilities -including the common areas, the rooms, the elevator-, the hygiene standard of the rooms, employees' good presence, their efficiency in attending customer's requests, etc.

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